MATZIKAMA MUNICIPALITY

FINAL BUDGET REPORT
2018/19

2018/19– 2020/21

Medium Term Revenue and Expenditure Framework

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Glossary

Adjustments budget – Prescribed in Section 28 of the MFMA. The formal manner in which a municipality can revise its budget during the year.
Budget – The financial plan of the Municipality.
Budget-related Policy – Policy of a municipality affecting the budget or affected by the budget, such as the tariff policy, rates policy and credit control and debt collection policy.
Capital expenditure – Expenditure on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.
Cash flow statement –A statement showing when actual cash is to be received and spent by the Municipality. Cash payments do not always correspond with budgeted expenditure frameworks. For example, when an invoice is received by the Municipality, it is regarded as expenditure in the month; even if it is not paid within the same period.
DORA – Distribution of Revenue Act. Annual legislation containing the total allocations by national government to provincial and local governments.
Equitable share – A general allocation paid to municipalities. It is mainly aimed at rendering assistance with free basic services.
Fruitless and wasteful expenditure – Expenditure done in vain and that could have been avoided if reasonable care was exercised.
GFS – Government Finance Statistics. An internationally recognised classification system making a type by type comparison between municipalities.
Grants – Money received from Provincial or National Government and other municipalities.
GRAP – Generally Recognised Accounting Policy. The new standard for municipal accounting.
IDP – Integrated Development Plan. The main strategic planning document of the Municipality.
KPI's – Key Performance Indicators. Measurement of service outputs and/or outputs.
MFMA – The Municipal Financial Management Act – No. 53 of 2003. The main legislation applicable to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A Medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budgetary allocations. Also includes details of the financial position of the preceding and current year.
Net Assets – Net assets are the residual interest in the assets of the entity after all its liabilities have been deducted. This means that the net assets of the municipality equal the "net welfare" of the municipality, after all assets had been sold/recovered and all liabilities had been paid. Transactions that do not fall under the description of Revenue or Expenditure, such as increase in the value of Property, Plant and Equipment, where no in- or outflow of resources occurs, are recorded under Net Assets.
Operational expenditure – Expenditure on the day-to-day expenses of the Municipality, such as salaries and wages.
Property rates – Local authority rates based on the assessed value of a property. In order to calculate the rates payable, the assessed value is multiplied by the rate in the rand.
SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan consisting of quarterly performance targets and monthly budget estimates.
Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted expenditure must contribute to the achievement of the strategic objectives.
Unauthorised expenditure – In general, expenditure without, or in excess of an approved budget.
Virement – A budget transfer.
Vote – one of the main segments of a budget.

Foreword by the Executive Mayor

In terms of section 16 (2) of the Municipal Financial Management Act (Act 56 of 2003), it is my privilege to table the 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF) to Council.

As this budget constitutes the proposed financial plan for the next 3 years, it naturally impacts on the community as a whole and it is thus extremely important to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality's financial affairs. Consequently, a compulsory period of community liaison followed during the month of April 2018 of which the comments was considered by the Executive Mayor in a bid to give effect to Section 23 of the Municipal Financial Management Act and to ultimately facilitate final approval of the 2018/2019 budget on 29 May 2018.

Executive Mayor's Response to the input received from the public and the Provincial Government.

One set of comments (PT's detailed assessment report is excluded as the process utilised for this purpose is the LGMTEC engagement with the senior management and contained as ANNEXURE E to the budget documentation to which they have responded already) was received by the due date and for purposes of good order are listed hereunder with my response inclusive of the effect on the Budget:

Objections to tax rates

Strandfontein Belastingbetalersvereniging (SBV)

RESPONSE:
The increase of 5.3% in property rates approximates inflation and is line with the provisions embodied in the National Treasury MFMA Budget Circular 91.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the Council to contain service delivery within the affordability levels of the community whilst focusing on the seven strategic focus areas that Council wish to strive to achieve over the next three years:

- Functional Municipal Basic Services;
- Sufficient Revenue;
- Economic Growth and Development;
- A quality living environment;
- A Developmental Municipality
- A Quality Administration and Internal Efficiency ;
- A Responsive Natural and Built Environment.

Strategic objectives were developed for each focus area that are specifically linked to the multi-year budgets and is given effect to in the Service Delivery and Budget Implementation Plan. The municipality has also ensured that there is a distinction between municipal functions and those of other spheres of government.

To achieve the above, a balancing act is required between the set objectives and available financial resources, while taking into consideration the effect of tariff adjustments on the community as a whole, and more particularly the needs of the poor and vulnerable. Matzikama Municipality takes pride in achieving a clean audit status for the past two consecutive years and we shall continue to ensure accountability and good governance.

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The budget is aligned to address the significant risks that emanate from the severe drought conditions to ensure sustainable water provision services as envisaged by the Constitution. In this instance R19.5m expenditure is provided for in the 2018/19 capital budget programme to ensure sustainable water provision. The impact of the cost curtailment is already tangible and we should benefit further in the 2018/19 budget year. Our financial gearing for 2018/19 is budgeted at 16% which is lower than the 45% norm recommended by National Treasury.

With the CPI projected to decline from 5.9% to 5.1% during 2018, Council directed management to limit increases with respect to services in our control in the 2018/19 budget. On 25 April 2018, the National Energy Regulator of South Africa (NERSA) approved a guideline increase of 6.84% for municipalities. Bulk purchase costs have increased by 7.32% in line with Eskom's electricity tariff increase to municipalities.

Salary and wage increases of 7%, as indicated in the South African Local Government Bargaining Council (SALGBC) Facilitator's Proposal on a Salary and Wage Collective of 18 April 2018.

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PART 1 – ANNUAL BUDGET

1.1 Executive Mayor’s Report

The Executive Mayor delivers her Budget speech with the tabling of the final budget for approval. The integrated development plan and the service delivery and budget implementation plan will also be tabled during the Council meeting.

1.2 Council Resolution

RECOMMENDATION TO COUNCIL:

1. That in terms of section 24 of the Municipal Finance Management Act, (Act No.56 of 2003)(MFMA), the annual budget of the Matzikama Municipality for the 2018/19 to 2020/21 MTREF (Medium Term Revenue and Expenditure Framework **be approved and adopted** as set out in the following schedules):

   a) Table B1: Budget Summary;
   b) Table B2: Budgeted Financial Performance (by standard classification);
   c) Table B3: Budgeted Financial Performance (by municipal vote);
   d) Table B4: Budgeted Financial Performance (revenue by source); and
   e) Table B5: Budgeted Capital Expenditure (by municipal vote and funding source)
   f) Table B6: Budgeted Financial Position
   g) Table B7: Budgeted Cash Flow
   h) Table B8: Cash backed reserves/Accumulated surplus reconciliation
   i) Table B9: Asset management
   j) Table B10: Basic service delivery measurement

2. That the annual operating budget and capital budget(high level budget summary) of Matzikama Municipality as contained in Section 3, be approved;

3. That the 3-year capital budget of Matzikama Municipality for the 2018/2019 financial year; and the indicative two projected outer years, 2019/2020 and 2020/21, as contained in Annexure A, be approved;

4. That the annual budget tables as prescribed by the Budget and Reporting Regulations for the Matzikama Municipality for the 2018/2019 financial year; and the indicative two projected outer years, 2019/2020 and 2020/21, as set out in Section 4, be approved ;

5. That in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) (MSA) the property rates reflected in Annexure B, be imposed on properties in WC011 for the 2018/19 budget year;

6. That in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) (MSA) tariffs and charges reflected in Annexure B, be imposed on properties in WC011 for the 2018/19 budget year;

7. That the revisions to the budget and other related policies as set out in ANNEXURE C, be approved; and

8. That cognisance is taken of the 2018/19 Budget Report.

9. The service delivery standards be approved for 2018/2019.

1.3 Executive Summary

Introduction
This budget was compiled in accordance with the mSCOA chart version 6.2 as outlined in MFMA Budget Circular No 89 issued in terms of the Municipal Finance Management Act No. 56 of 2003. All applicable budget related policies were reviewed and adjusted to ensure alignment to mSCOA.

South Africa has experienced a period of protracted economic growth which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 percent and unemployment remains high at 26.7 percent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation. The GDP growth rate is forecasted at 1.5 percent in 2018, 1.8 percent in 2019 and 2.1 percent in 2020.

The current South African economic conditions as outlined above also impacts the economy of the Matzikama Municipality. The drought experienced in Matzikama poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures. These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach was followed with revenue projections. Matzikama Municipality is affected by the drought and has considered its impact on revenue generation.

The programmes of this budget are informed by the matters described section 156(1) of the Constitution. The 2018/19 MTREF Budget is responsive to the key priorities of the municipality and predominantly focuses on creating value for our communities and stimulating our constrained economy through investment in infrastructure and establishing a firm foundation for external investment in our economy. Despite the tangible progress in delivering key strategic imperatives, the Municipality continues to face key service delivery and fiscal risks. The Municipality's business and service delivery priorities were reviewed as part of the budget planning process to ensure alignment with the current drought conditions prevalent in the Matzikama municipal area. Where appropriate, funds were allocated to high-priority programmes to maintain sound financial stewardship.

National Treasury issued MFMA Budget Circulars No. 89 & 91 to guide the compilation of the 2018/19 MTREF. mSCOA Version 6.2 (Municipal Annual Budget and MTREF with supporting tables) were also issued with MFMA Budget Circular 89. These circulars are included in Annexure E to this report.

Curtailing the non-core expenditure is continually emphasised by the National Treasury. In order to maintain a funded budget, Matzikama also focused on the curtailment of non-core expenditure. The following additional cost containment measures introduced by National Treasury will still be implemented:

- Restrictions on filling managerial and administrative vacancies
- Review of human resource plans and elimination of excessive positions;
- Capital budgeting reforms to align plans with budget allocations while strengthening maintenance procedures;
- Limit the value of vehicle purchases for political office-bearers;
- Curtail conference costs and travel related costs

The application of sound financial management principles forms the basis of Matzikama's budget and is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The principal challenges experienced with the compilation of the 2018/19 MTREF can be summarised as follows:

- Prevailing severe drought conditions and the impact on our economy;
- Ever aging water, roads, sewerage and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope
- The cost of bulk electricity
- Revenue recovery from cost reflective core municipal services
- Filling of critical posts

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The programmes as outlined in our IDP;
- The 2017/18 Adjustments Budget priorities and targets and the base line allocations contained in the Budget Circulars;
- Service level standards were applied to inform the measurable objectives, targets and any backlog eradication goals;
- Affordable tariffs and property rates increases
- Cost containment measures
- Uncontrollable input cost increases
- The National Development Plan, Integrated Urban Development Framework and the Back-to-Basics Programme

The table below is a consolidated overview of the proposed 2018/19 MTREF:

Table 1: Consolidated Overview

Description	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	R'000	**R'000**	**R'000**	**R'000**
Revenue (excluding capital transfers)	299 197	313 520	330 672	351 792
Operating expenditure	299 160	313 308	329 127	348 942
Surplus / (Deficit)	**38**	**213**	**1 544**	**2 851**
Add: Capital transfers	50 567	45 317	36 427	39 241
Surplus after capital transfers	**50 605**	**45 530**	**37 971**	**42 092**
Capital Budget	**62 197**	**59 862**	**39 872**	**41 261**

Table 1 reflects a surplus for each year of the MTREF period. Revenue in 2018/19 is expected to increase by 4.8% when compared to 2017/18 final budget. For the two outer years, operational revenue will increase by 5.5% and 6.4% respectively.

Operating expenditure in 2018/19 is expected to increase by 4.7% when compared to 2017/18 final budget. For the two outer years, operational expenditure will increase by 5.0% and 6.0% respectively.

Although the 2018/2019 operational budget and indicative years present small surplus margins, it does not reflect the actual cash position. This phenomenon will continue for the foreseeable future. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE).

The asset value before depreciation is in excess of R600m, which relates to substantially high depreciation charges. The cost of a substantial portion of these assets had been fully redeemed previously, but the useful lives of assets were extended as well as the constant increasing of assets funded by capital transfers. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial period is adhered to.

The capital budget of R59.8m for 2018/19 is 3.7% less when compared to the 2017/2018 Adjustments Budget. Own funding of the capital budget is limited due to available resources to fund the capital budget. The capital programme decreases to R39.8m and R41.2m in the outer years.

The capital budget will be funded through conditional grants from National and Provincial Government (67.3%), external borrowings (16.7%), public contributions (8.4%) and internally generated funds (7.6%).

1.4 Operating Revenue Framework

To continue delivering quality basic services to all stakeholders and improving the socio-economic cohesion in communities, Matzikama Municipality needs to generate the required revenue levels. In the current protracted economic climate that is multiplied by the adverse impact of the prevailing drought conditions, effective revenue management is fundamental to the financial sustainability of the municipality.

The reality is that we are faced with an increasing population, development backlogs and increasing poverty levels. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is crafted around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Effective revenue management;
- Local economic development;
- Tariff increases based on the revenue requirement for each service;
- Electricity tariff increases as approved by NERSA;
- Approved Property Rates Policy;
- Approved Indigent Policy;
- Approved budget related policies.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services forms a significant percentage of the revenue basket for the Municipality. Rates and services revenues comprise 70% of the total operating revenue mix. For the 2017/2018 financial year, revenue from rates and services charges amounts R204.9m. This amount increases to R217.7m, R231.2m and R245.7 in the respective financial years of the MTREF.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2: Summary of revenue classified by main revenue source

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue By Source</u>										
Property rates	32 574	36 598	42 530	46 632	47 283	47 283	47 283	47 103	49 647	52 378
Service charges - electricity revenue	84 375	93 773	102 379	110 459	110 533	110 533	110 533	123 171	131 596	140 597
Service charges - water revenue	17 695	15 165	16 952	18 498	16 538	16 538	16 538	15 308	16 135	17 022
Service charges - sanitation revenue	12 966	13 010	13 740	15 268	15 118	15 118	15 118	15 919	16 779	17 702
Service charges - refuse revenue	12 995	13 275	14 281	15 590	15 440	15 440	15 440	16 258	17 136	18 078
Rental of facilities and equipment	3 243	3 983	3 621	4 066	1 432	1 432	1 432	1 513	1 594	1 682
Interest earned - external investments	939	1 654	1 701	1 550	1 550	1 550	1 550	1 632	1 720	1 815
Interest earned - outstanding debtors	2 396	3 125	3 162	3 100	2 449	2 449	2 449	3 285	3 463	3 653
Fines, penalties and forfeits	3 566	3 091	2 296	2 463	2 463	2 463	2 463	2 594	2 734	2 885
Licences and permits	1 125	1 122	1 164	1 071	1 070	1 070	1 070	1 126	1 187	1 253
Agency services	2 417	2 628	2 740	3 071	3 071	3 071	3 071	3 234	3 408	3 596
Transfers and subsidies	49 640	52 131	54 632	57 074	60 356	60 356	60 356	64 089	65 998	70 798
Other revenue	8 918	4 559	6 792	4 827	11 122	11 122	11 122	7 734	8 152	8 600
Gains on disposal of PPE	–	–	–	7 674	10 774	10 774	10 774	10 553	11 123	11 735
Total Revenue excluding capital transfers	**232 849**	**244 113**	**265 991**	**291 341**	**299 197**	**299 197**	**299 197**	**313 520**	**330 672**	**351 792**

Table 3: Percentage growth in revenue by main revenue source

Description		2018/19 Medium Term Revenue & Expenditure Framework					
R thousand	Current Year 2017/18	Budget Year 2018/19		Budget Year +1 2019/20		Budget Year +2 2020/21	
<u>Revenue By Source</u>							
Property rates	47 283	47 103	-0.38%	49 647	5.40%	52 378	5.50%
Service charges - electricity revenue	110 533	123 171	11.43%	131 596	6.84%	140 597	6.84%
Service charges - water revenue	16 538	15 308	-7.43%	16 135	5.40%	17 022	5.50%
Service charges - sanitation revenue	15 118	15 919	5.30%	16 779	5.40%	17 702	5.50%
Service charges - refuse revenue	15 440	16 258	5.30%	17 136	5.40%	18 078	5.50%
Rental of facilities and equipment	1 432	1 513	5.61%	1 594	5.40%	1 682	5.50%
Interest earned - external investments	1 550	1 632	5.30%	1 720	5.40%	1 815	5.50%
Interest earned - outstanding debtors	2 449	3 285	34.13%	3 463	5.40%	3 653	5.50%
Fines, penalties and forfeits	2 463	2 594	5.33%	2 734	5.40%	2 885	5.50%
Licences and permits	1 070	1 126	5.30%	1 187	5.40%	1 253	5.50%
Agency services	3 071	3 234	5.30%	3 408	5.40%	3 596	5.50%
Transfers and subsidies	60 356	64 089	6.19%	65 998	2.98%	70 798	7.27%
Other revenue	11 122	7 734	-30.46%	8 152	5.40%	8 600	5.50%
Gains on disposal of PPE	10 774	10 553	-2.05%	11 123	5.40%	11 735	5.50%
Total Revenue excluding capital transfers	299 197	313 520	4.79%	330 672	5.47%	351 792	6.39%

The table above presents the percentage increases for the different revenue categories. Service charges are primary contributor followed by operational grants from provincial and national government. The third largest source is property rates, followed by fines and 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, etc.

Operating grants and transfers total R64m in the 2018/19 financial year and increase to R65.9m in 2019/20 and to R70.7m in 2020/21 of the MTREF. Equitable share increases over the MTREF (17.3%) in terms of the equitable share formula in line estimated growth in population.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4: Operating transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating Transfers and Grants									
National Government:	**43 411**	**44 789**	**46 875**	**50 517**	**50 517**	**50 517**	**56 022**	**58 069**	**62 682**
Local Government Equitable Share	39 922	41 409	44 100	47 561	47 561	47 561	52 340	56 519	61 132
Finance Management	1 450	1 450	1 475	1 550	1 550	1 550	1 550	1 550	1 550
Municipal Systems Improvement	838	930				–			
Integrated National Electrification Programme	–	–	181			–			
EPWP Incentive	1 201	1 000	1 119	1 406	1 406	1 406	1 630	–	–
Municipal Infrastructure Grant (MIG)							502		
Provincial Government:	**6 734**	**7 066**	**8 541**	**6 557**	**7 437**	**7 437**	**7 897**	**7 929**	**8 116**
Library Subsidy	5 090	5 396	5 815	6 076	6 176	6 176	7 018	7 488	7 895
Financial Management Capacity Building grant	–	–	120	240	240	240	360		
Municipal Capacity Building grant	500	–				–			
Maintenance on Proclaimed Roads	46	59	64	65	65	65	78		
Municipal Infrastructure Support Grant	8	–				–			
CDW	–	144	113	111	111	111	111	111	111
FMSG	990	1 155	220		530	530	330	330	
Thusong Services Grant (Operational Support)	–	200	31	65	65	65			110
Housing Subsidy	–	–	898			–			
Municipal Performance Management Grant	100	–				–			
Municipal Service Delivery and Capacity Building	–	–	1 220		250	250			
Local Government Graduate Internship Grant	–	–	60			–			
Support for IDP Projects	–	112				–			
Total Operating Transfers and Grants	**50 145**	**51 855**	**55 417**	**57 074**	**57 954**	**57 954**	**63 919**	**65 998**	**70 798**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury encourages municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The consumer price index is forecasted to be within the upper limit of 3 to 6 percent target band, therefore municipalities are required to ***justify all increases in excess of the projected inflation target for 2018/19*** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

The National Energy Regulator of South Africa (NERSA) published their ''Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year" on 28 February 2018. The upper inclining blocks for the electricity consumption tariffs is equal to the recommended increases relating to the NERSA approval of Eskom tariffs, while the lowest inclining block has been set with a reduction in the unit price of electricity, which grants further relief to all households for consumption up to the first 250kwh electricity per month.

Property rates were increased with 5.3%. The increase in trading service charges was set at 5.3% and electricity tariffs were increased with 6.84% in line with the guidelines of MFMA Budget Circular 91.

The following table sets out the costing of services.

Table 5: Costing of Services

Electricity

Description	**Original Budget 2018/19**	**Original Budget 2017/18**
Employee costs	9 366 803	8 904 829
Depreciation & asset impairment	1 415 651	1 344 398
Finance charges	154 762	109 434
Bulk purchases	90 059 664	83 916 944
Inventory consumed	1 647 579	1 371 669
Contracted services	20 129	512 393
Debt impairment	328 084	260 461
Bad debts written off	219 080	194 738
Overheads (Departmental Charges)	5 747 883	3 746 470
Operational cost	2 783 104	2 066 274
Total Expenditure	**111 742 739**	**102 427 610**
Less: Service charges	123 470 642	110 828 836
Surplus	**11 727 903**	**8 401 226**
Margin	**9.50%**	**7.58%**

Water

Description	Original Budget 2018/19	Original Budget 2017/18
Employee costs	8 073 641	7 255 168
Depreciation & asset impairment	1 615 502	1 534 190
Finance charges	-	26 069
Bulk purchases	4 383 523	6 364 462
Operational cost	385 902	381 014
Overheads (Departmental Charges)	758 705	2 330 484
Total Expenditure	**15 217 273**	**17 891 387**
Less: Service charges	15 603 077	18 817 737
Surplus	**385 804**	**926 350**
Margin	**2.47%**	**4.92%**

Waste Water Management

Description	Original Budget 2018/19	Original Budget 2017/18
Employee costs	5 728 399	5 077 935
Depreciation & asset impairment	3 476 188	3 115 557
Finance charges	1 234 917	1 474 104
Inventory consumed	1 462 120	778 178
Contracted services	821 442	215 330
Bad debts written off	1 280 169	1 137 928
Operational cost	816 186	629 337
Overheads (Departmental Charges)	4 240 192	5 757 936
Total Expenditure	**19 059 613**	**18 186 305**
Less: Service charges	20 836 733	19 787 971
Surplus	**1 777 120**	**1 601 666**
Margin	**8.53%**	**8.09%**

Refuse Removal

Description	Original Budget 2018/19	Original Budget 2017/18
Employee costs	12 318 403	12 417 653
Depreciation & asset impairment	2 154 867	2 491 203
Inventory consumed	336 106	366 672
Contracted services	956 212	728 084
Bad debts written off	1 253 416	1 114 148
Operational cost	1 389 577	2 347 988
Overheads (Departmental Charges)	1 054 780	1 456 734
Total Expenditure	**19 463 361**	**18 574 494**
Less: Service charges	20 469 957	19 439 655
Surplus	**1 006 596**	**865 161**
Margin	**4.92%**	**4.45%**

The consumer price index, as measured by CPI, is not an ideal indicator of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, accommodation, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property rates

Property rates revenue should cover the cost of the provision of general community and support services. Determining the effective property rates tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and also prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties.

The following table sets out the categories of rateable properties for purposes of levying rates and the proposed rates for the 2018/19 financial year, to increase from 1 July 2018.

Table 6 Comparison of proposed rates to be levied for the 2018/19 financial year

	2016/2017 Total Tariff R/cent VAT Included	2017/2018 Total Tariff R/cent VAT Included	2018/2019 Total R/cent Excluded VAT	2018/2019 VAT R/cent 15%	2018/2019 Total Tariff R/cent VAT Included
Residential - 8(2)(a), 8(2)(k)	0.007998	0.008510	-	-	0.008961
Government - Infrastructure - 8(2)(i)	0.002560	0.002128	-	-	0.002241
Agriculture (65% Rebate on agriculture tariff)	0.001600	0.001702	-	-	0.001792
DMA (65% Rebate on agriculture tariff)	0.000552	0.001702	-	-	0.001792
Industrial - 8(2)(b)	0.010239	0.010894	-	-	0.011471
Business and Commercial - 8(2)(c)	0.010239	0.010894	-	-	0.011471
Agriculture - Small Holdings Residential	0.007998	0.008510	-	-	0.008961
Government Property - 8(2)(g)	0.010239	0.010894	-	-	0.011471
Public Service Organisations - 8(2)(q)	0.002560	0.002724	-	-	0.002868

Agriculture receives a rebate of 80% on tariff and an additional 65% tariff rebate.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it does with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective. Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Tariff increases as from 1 July 2018 are indicated in the list of tariffs in Annexure B. Registered indigents receive 10 kℓ free water per 30-day period.

A summary of the proposed tariffs for households and business are as follows:

Table 7 Comparison between current water charges and increases (Domestic)

Description	2016/2017 Total Tariff R/cent VAT Included	2017/2018 Total Tariff R/cent VAT Included	2018/2019 Total R/cent Excluded VAT	2018/2019 VAT R/cent 15%	2018/2019 Total Tariff R/cent VAT Included
Residential					
0 - 6 kl	Free	Free	5.88	0.88	6.77
7 - 12 kl	6.58	7.00	6.47	0.97	7.44
13 - 20kl	7.27	7.74	7.14	1.07	8.22
21 - 40kl	8.13	8.65	7.99	1.20	9.19
41 - 60kl	12.74	13.56	12.52	1.88	14.40
61 kl and more	16.00	17.02	15.72	2.36	18.08
Business/Industry:					
0 - 6 kl	6.41	6.82	6.30	0.94	7.24
7 - 20 kl	7.14	7.60	7.02	1.05	8.07
21 – 40 kl	7.46	7.94	7.33	1.10	8.43
41 – 60 kl	7.78	8.28	7.65	1.15	8.79
61 – 80 kl	8.60	9.15	8.45	1.27	9.72
81 - 100 kl	9.35	9.95	9.19	1.38	10.57
101 kl & 1000	11.18	11.90	10.99	1.65	12.64
1001 kl & more	35.00	37.24	34.40	5.16	39.56

Special rates apply to schools, churches and public benefit organisations, refer to Annexure B.

1.4.3 Sale of Electricity and Impact of Tariff Increases

On 25 April 2018, the National Energy Regulator of South Africa (NERSA) approved a guideline increase for municipalities as set out below:

NERSA approved a guideline increase of 6.84% based on the following assumptions:

- Bulk purchase costs have increased by 7.32% in line with Eskom's electricity increase to municipalities;
- A Consumer Price Index (CPI) of 5.1% as indicated in the forecast by the Bureau for Economic Research (BER) of October 2017;
- Salary and wage increases of CPI plus 1%, as indicated in the South African Local Government Association (SALGA) Circular No.31/2015: Salary and Wage Collective Agreement; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

This is not an automatic increase in tariffs and the Municipality applied to the Energy Regulator for approval of our electricity tariffs in accordance with the provisions of Section 16(2) of the Energy Regulation Act, 2006 (Act No. 4 of 2006).

Registered indigents continue to be granted 50 kWh per 30-day period free of charge. The following table shows the impact of the proposed increases in electricity tariffs for domestic consumers:

Table 8 Comparison between current electricity charges and increases (Domestic)

	2016/2017 Total Tariff R/cent VAT Included	2017/2018 Total Tariff R/cent VAT Included	2018/2019 Total R/cent Excluded VAT	2018/2019 VAT R/cent 15%	2018/2019 Total Tariff R/cent VAT Included	2018/2019 % Tariff Increase
Residential:						
Basic: 1 Phase	232.79	240.04	211.29	31.69	242.98	1.22%
Units (per kWh)						
0 - 50	0.96	0.99	0.86	0.13	0.99	0.00%
51 - 250	1.23	1.27	1.10	0.17	1.27	0.00%
251 - 600	1.73	1.79	1.55	0.23	1.79	0.00%
601 & more	2.04	2.10	1.83	0.27	2.10	0.00%
Basic: 3 Phase	265.80	274.08	241.25	36.19	277.44	1.23%
Units (per kWh)						
0 - 50	0.96	0.99	0.86	0.13	0.99	0.00%
51 - 250	1.23	1.27	1.10	0.17	1.27	0.00%
251 - 600	1.73	1.79	1.55	0.23	1.79	0.00%
601 & more	2.04	2.10	1.83	0.27	2.10	0.00%

The stepped tariff for electricity as previously proposed by NERSA has continued. Tariffs remained the same for unit consumption across the different brackets of the sliding scale. The municipality will maintain the current stepped structure for the electricity tariffs.

The full proposed tariffs are included in Annexure B.

1.4.4 Sanitation services and impact of tariff increases

A tariff increase of 5.3 percent for sanitation (basic & consumption) is proposed from 1 July 2018. This is based on tariff increases related to inflation increases as mentioned earlier in this report.

The following factors inform the proposed tariffs:

- Overhead costs of machinery and vehicles applied in the delivery of the service
- Labour cost

The following table shows the impact of the proposed increases in sanitation tariffs for domestic consumers:

Table 9 Comparison between current sanitation charges and increases (Domestic)

	2016/2017 Total Tariff R/cent VAT Included	2017/2018 Total Tariff R/cent VAT Included	2018/2019 Total R/cent Excluded VAT	2018/2019 VAT R/cent 15%	2018/2019 Total Tariff R/cent VAT Included	2018/2019 % Tariff Increase
Residential	174.73	186.00	171.81	25.77	197.58	5.30%
Business/Govt	208.57	222.00	205.06	30.76	235.82	5.30%

1.4.5 Waste removal services and impact of tariff increases

Services relevant to refuse removal, refuse dumps and solid waste disposal mechanisms must comply with stringent legislative requirements such as the National Environmental Management Waste Act, No 59 of 2008. This service will receive further revision of the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

An increase of 5.5 percent in the waste removal tariff is proposed from 1 July 2018. The following factors inform the proposed tariffs:

- Overhead costs of machinery and vehicles applied in the delivery of the service
- Labour cost

The following table shows the impact of the proposed increases in waste removal tariffs for domestic consumers:

Table 10 Comparison between current waste removal charges and increases (Domestic)

	2016/2017 Total Tariff R/cent VAT Included	2017/2018 Total Tariff R/cent VAT Included	2018/2019 Total R/cent Excluded VAT	2018/2019 VAT R/cent 15%	2018/2019 Total Tariff R/cent VAT Included	2018/2019 % Tariff Increase
Residential	141.22	150.00	138.55	20.78	159.34	5.30%

All proposed refuse tariffs are listed in Annexure B.

Table 11 MBRR Table SA14 – Household bills

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent							% incr.			
<u>**Monthly Account for Household - 'Middle Income**</u>										
Rates and services charges:										
Property rates	574.76	609.19	645.13	485.78	495.48	495.48	5.3%	511.53	539.15	568.80
Electricity: Basic levy	169.00	189.62	204.20	210.56	210.56	210.56	0.3%	211.29	222.70	234.95
Electricity: Consumption	1 212.00	1 402.44	1 503.45	1 551.00	1 551.00	1 551.00	(0.9%)	1 537.50	1 620.53	1 709.65
Water: Consumption	135.47	147.24	157.14	167.01	167.01	167.01	5.3%	175.84	185.34	195.53
Sanitation	136.15	144.32	153.85	163.08	163.08	163.08	5.3%	171.81	181.08	191.04
Refuse removal	107.22	113.65	121.15	131.58	131.81	131.81	5.3%	138.55	146.03	154.07
sub-total	**2 334.60**	**2 606.46**	**2 784.92**	**2 709.01**	**2 718.94**	**2 718.94**	**1.4%**	**2 746.51**	**2 894.83**	**3 054.04**
VAT on Services	246.38	279.62	299.57	306.17	306.17	306.17	34.6%	411.98	434.22	458.11
Total large household bill:	**2 580.98**	**2 886.07**	**3 084.49**	**3 015.19**	**3 025.11**	**3 025.11**	**4.8%**	**3 158.49**	**3 329.05**	**3 512.15**
% increase/-decrease		**11.8%**	**6.9%**	**(2.2%)**	**0.3%**	**–**		**4.4%**	**5.4%**	**5.5%**
<u>**Monthly Account for Household - 'Affordable Range'**</u>										
Rates and services charges:										
Property rates	410.54	435.13	460.81	343.95	353.92	353.92	5.3%	362.17	381.73	402.73
Electricity: Basic levy	169.00	190.45	204.20	210.56	210.56	210.56	0.3%	211.29	222.70	234.95
Electricity: Consumption	526.69	572.50	636.85	658.00	658.00	658.00	(1.1%)	650.50	685.63	723.34
Water: Consumption	107.40	113.74	121.39	129.07	129.07	129.07	5.3%	135.89	143.23	151.11
Sanitation	136.15	144.32	153.85	163.08	163.08	163.08	5.3%	171.81	181.08	191.04
Refuse removal	107.22	113.65	121.15	131.58	131.81	131.81	5.3%	138.55	146.03	154.07
sub-total	**1 457.00**	**1 569.79**	**1 698.25**	**1 636.24**	**1 646.43**	**1 646.43**	**2.1%**	**1 670.21**	**1 760.41**	**1 857.23**
VAT on Services	146.50	158.85	173.24	180.95	180.95	180.95	38.5%	250.53	264.06	278.58
Total small household bill:	**1 603.50**	**1 728.64**	**1 871.49**	**1 817.19**	**1 827.39**	**1 827.39**	**5.7%**	**1 920.75**	**2 024.47**	**2 135.81**
% increase/-decrease		**7.8%**	**8.3%**	**(2.9%)**	**0.6%**	**–**		**5.1%**	**5.4%**	**5.5%**
<u>**Monthly Account for Household - 'Indigents'**</u>										
Rates and services charges:										
Property rates	246.32	261.08	276.48	127.65	212.35	212.35	5.3%	134.42	141.67	149.47
Electricity: Consumption	295.50	335.50	350.70	347.50	347.50	404.50	7.1%	372.00	392.09	413.65
Water: Consumption	87.06	79.54	85.74	91.13	91.13	91.13	5.3%	95.94	101.12	106.68
Sanitation	136.15	144.32	153.85	163.08	163.08	163.08	5.3%	171.81	181.08	191.04
Refuse removal	107.22	113.65	121.15	131.58	131.81	131.81	5.3%	138.55	146.03	154.07
sub-total	**872.25**	**934.09**	**987.92**	**860.94**	**945.87**	**1 002.87**	**6.0%**	**912.71**	**962.00**	**1 014.91**
VAT on Services	87.63	94.22	99.60	107.23	107.23	107.23	27.7%	136.91	144.30	152.24
Total small household bill:	**959.88**	**1 028.31**	**1 087.52**	**968.17**	**1 053.10**	**1 110.10**	**8.4%**	**1 049.62**	**1 106.30**	**1 167.15**
% increase/-decrease		**7.1%**	**5.8%**	**(11.0%)**	**8.8%**	**5.4%**		**(5.4%)**	**5.4%**	**5.5%**

<u>References</u>
1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)
4. Note this is for a SINGLE household.

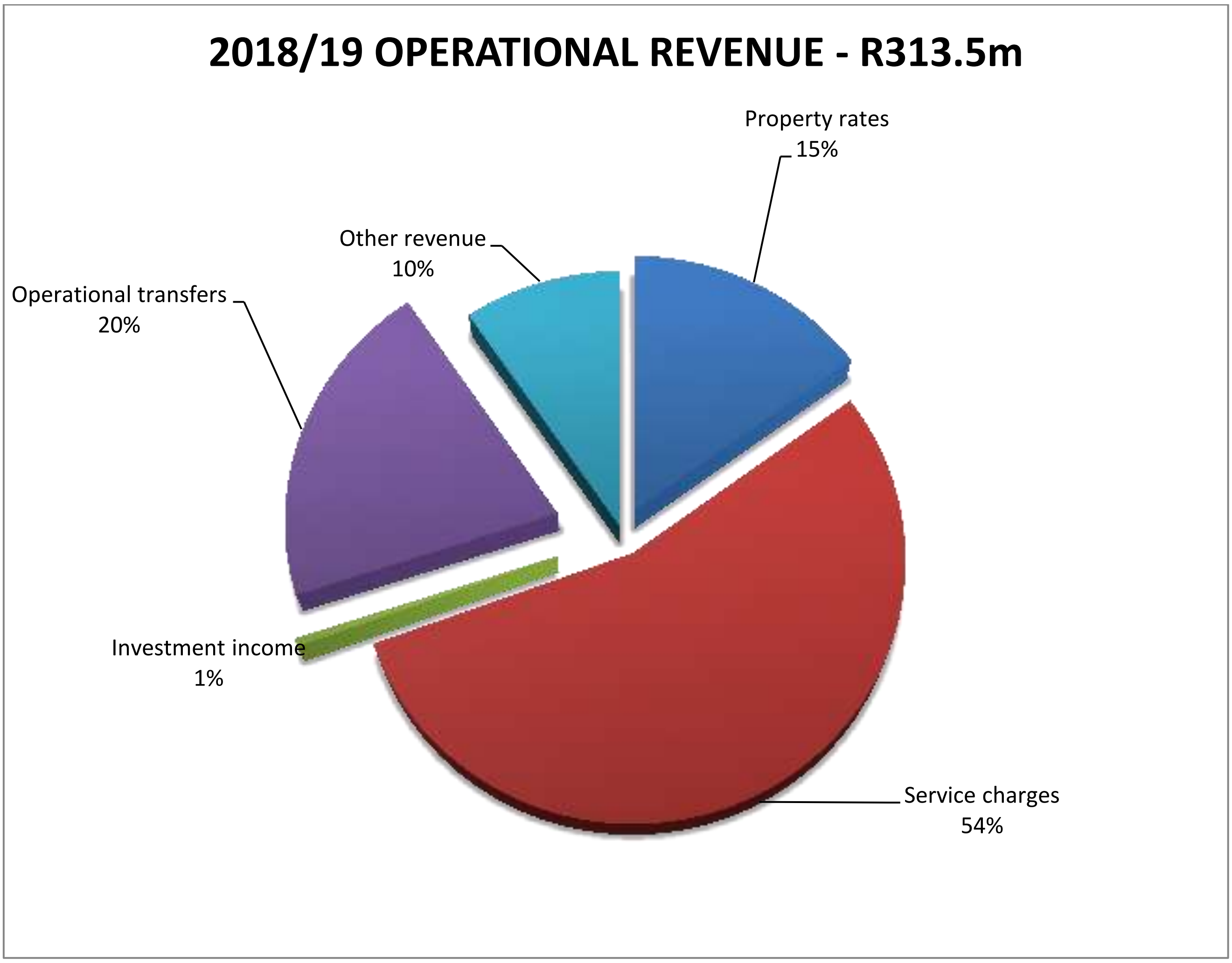
1.4.6 Revenue enhancement strategies

- The sale of non-strategic property.
- The under-recovery of traffic income must receive strategic priority.
- Land audit to ensure all properties are taxed at the appropriate rates.
- Creating an environment that will attract investment.
- Growing the benefits embedded in tourism

We shall continue to review consumer usage patterns to identify tampering of both electricity and water meters. No reconnection of the supply may take place before the fine is settled in full. Electricity supply must immediately be disconnected at source. The review of the various property usage deviations as contained in the Rates Act must be scrutinised to ensure that the income from the various industries are maximized.

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.

Figure 1 Main operational revenue categories for the 2018/19 financial year.



1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following drivers:

- Balanced budget constraints (cash operating expenditure should not exceed cash operating revenue);
- Planned maintenance of infrastructure assets;
- Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- Implementation of cost containment measures

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by functional classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type										
Employee related costs	81 364	93 529	102 679	112 749	112 032	112 032	112 032	122 493	128 062	136 033
Remuneration of councillors	5 642	5 908	6 100	6 605	6 739	6 739	6 739	7 226	7 681	8 165
Debt impairment	10 017	11 653	13 478	10 700	15 600	15 600	15 600	13 478	14 206	14 987
Depreciation & impairment	12 067	12 899	13 602	14 822	15 512	15 512	15 512	15 030	15 743	16 497
Finance charges	8 180	8 313	7 817	10 159	10 270	10 270	10 270	10 099	9 909	9 752
Bulk purchases	73 819	82 656	90 355	90 281	88 961	88 961	88 961	94 443	101 312	108 680
Other materials	–	–	–	–	9 172	9 232	9 232	11 702	12 160	12 937
Contracted services	64	–	–	64	10 546	10 546	10 546	10 786	11 010	11 237
Transfers and subsidies	928	957	1 027	1 132	1 519	1 519	1 519	1 511	1 593	1 681
Other expenditure	34 361	37 782	37 583	44 817	28 807	28 747	28 747	26 539	27 452	28 972
Loss on disposal of PPE	216	1 025	1 382	–	–	–	–	–	–	–
Total Expenditure	**226 659**	**254 722**	**274 024**	**291 329**	**299 160**	**299 160**	**299 160**	**313 308**	**329 127**	**348 942**

1.5.1 Employee related cost

The budgeted allocation for employee related costs and remuneration of councillors for the 2018/19 financial year equates to R128.7m which equals 42 percent of the total operating expenditure and narrowly exceeds the NT norm of 25 – 40 percent. The increase in employee cost is mainly due to critical vacancies that that will be filled during the 2018/19 financial year and the results of the latest South African Local Government Bargaining Council (SALGBC) Facilitator's Proposal on a Salary and Wage Collective Increase of 7%. Of this total, the non-current provisions relating to employee related cost amounts to R3m (post-retirement benefits) and therefore not cash remuneration. The employee cost percentage (42%) is also amplified by the R1.9m decrease in bulk water purchases (Table 5).

SALGA is currently engaged in negotiations on Salaries and Wages, Wage Curve for the Local Government sector as well as the Pension Fund Restructuring at the level of the South African Local Government Bargaining Council. Salary and wage increases of 7% are proposed in the South African Local Government Bargaining Council (SALGBC) Facilitator's Proposal on a Salary and Wage Collective Agreement of 18 April 2018. The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

1.5.2 Debt Impairment

The provision of debt impairment and write-off of bad debts for consumer accounts has been calculated based on the annual collection rate and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount equates to R13.4. Impairment for traffic fines, according to the provisions of IGRAP1, has been budgeted according to the trends from the three previous financial years.

1.5.3 Depreciation and asset impairment

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard equate total R15m for the 2018/19 financial year and equates to 4.79 percent of the total operating expenditure. The implementation of the GRAP 17 accounting standard resulted in the accounting of a range of assets previously not included in the assets register which are mainly high value items such as infrastructure assets.

1.5.4 Finance charges

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and landfill site provisions. Finance charges make up 3.21 percent of operating expenditure. Finance charges will decrease over the MTREF period in line with the redemption of long term borrowings.

1.5.5 Bulk purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom and the purchase of water from LORWUA. The annual electricity price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures account for distribution losses. Bulk purchases make up 30 percent of operating expenditure.

1.5.6 Other materials

Other materials, now classified as Inventory in mSCOA, comprise amongst others the purchase of materials for maintenance, cleaning materials, fuel, etc. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. Other materials make up 3.73 percent of operating expenditure.

1.5.7 Contracted services

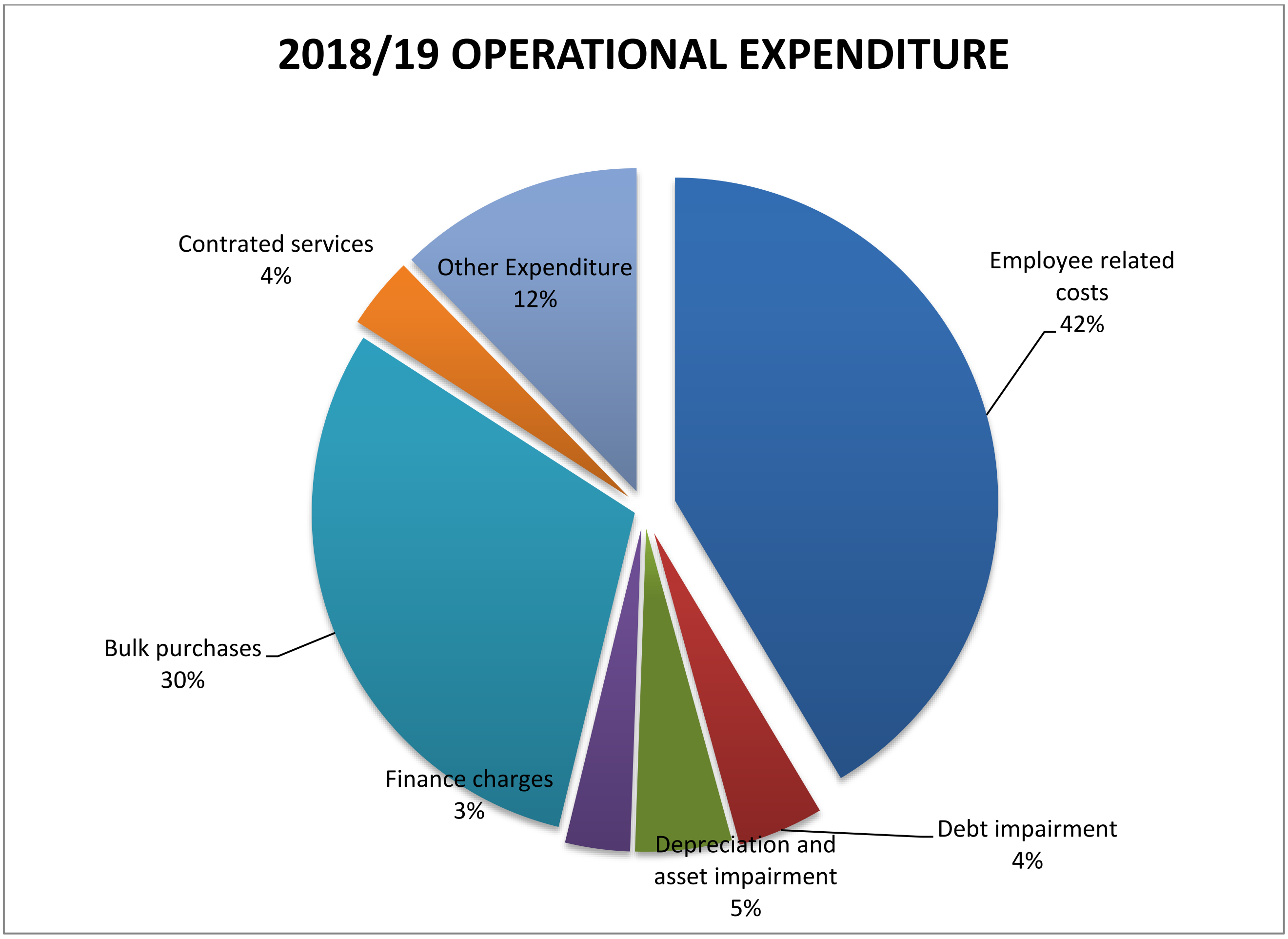
Contracted services consist primarily of information, communication and technology services and internal audit services. Contracted services have been identified as an area for the municipality to implement efficiencies. Since the 2016/17 financial year, financial statements are prepared in-house and effective 1 July 2018 our contracted network services were also reduced. The introduction and reclassification resulting from mSCOA has caused a shift in expenditure previously classified and budgeted under general expenses. Contracted services make up 3.44 percent of operating expenditure.

1.5.8 Other expenditure

Other expenditure consists primarily of repairs and maintenance and other line items relating to the daily operations of the municipality. Other Expenditure, now classified as Operational Costs in mSCOA, makes up 8.47 percent of operational expenditure. The introduction and reclassification resulting from mSCOA has caused a shift in expenditure previously classified and budgeted under general expenses to Inventory (materials), contracted services and operational costs. The National Treasury A-Schedules, although revised, did not adequately address the mSCOA classifications relating to types of expenditure.

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.

Figure 2 Main operational expenditure categories for the 2018/19 financial year.



1.5.9 Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget and MTREF provide for continuing in the area of asset maintenance, as informed by the asset maintenance strategy of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance.

WC011 Matzikama - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Employee related costs	–	–	–		–	–	–	–	–	–
Other materials	–	–	8 719		6 800	6 800	6 800	8 969	9 453	9 973
Contracted Services	–	–	–		1 112	1 112	1 112	1 284	1 353	1 428
Other Expenditure	8 685	8 272	2 523	7 713	1 341	1 341	1 341	1 226	1 292	1 363
Total Repairs and Maintenance Expenditure	**8 685**	**8 272**	**11 242**	**7 713**	**9 253**	**9 253**	**9 253**	**11 479**	**12 099**	**12 764**

1.6 Capital expenditure

The following table is a breakdown of budgeted capital expenditure by vote and functional area:

Table 13 2018/19 Medium-term capital budget per vote

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Governance and administration	**465**	**459**	**430**	**2 022**	**2 371**	**2 371**	**2 371**	**1 600**	**400**	**300**
Executive and council	314	104	125	650	750	750	750	900	400	300
Finance and administration	–	253	305	1 372	1 621	1 621	1 621	700	–	–
Internal audit	151	102	–	–	–	–	–	–	–	–
Community and public safety	**5 608**	**2 045**	**1 700**	**8 046**	**3 439**	**3 439**	**3 439**	**2 225**	**650**	**8 470**
Community and social services	1 419	513	472	825	445	445	445	930	500	440
Sport and recreation	4 189	1 532	1 229	7 221	2 994	2 994	2 994	1 295	150	8 030
Economic and environmental services	**7 557**	**7 547**	**11 912**	**21 171**	**20 828**	**20 828**	**20 828**	**22 636**	**12 008**	**4 500**
Planning and development	–	129	811	50	50	50	50	185	–	–
Road transport	7 557	7 418	11 102	21 121	20 778	20 778	20 778	22 451	12 008	4 500
Trading services	**22 193**	**19 722**	**11 300**	**16 470**	**35 559**	**35 559**	**35 559**	**33 402**	**26 814**	**27 991**
Energy sources	1 507	2 425	3 627	3 150	2 340	2 340	2 340	6 900	5 120	6 400
Water management	1 673	7 990	760	12 170	29 221	29 221	29 221	19 510	15 400	15 091
Waste water management	10 685	4 467	6 584	750	2 988	2 988	2 988	1 892	6 254	6 500
Waste management	8 329	4 839	329	400	1 010	1 010	1 010	5 100	40	–
Total Capital Expenditure - Functional	**35 823**	**29 773**	**25 343**	**47 709**	**62 197**	**62 197**	**62 197**	**59 862**	**39 872**	**41 261**

1.6.1 Infrastructure expenditure

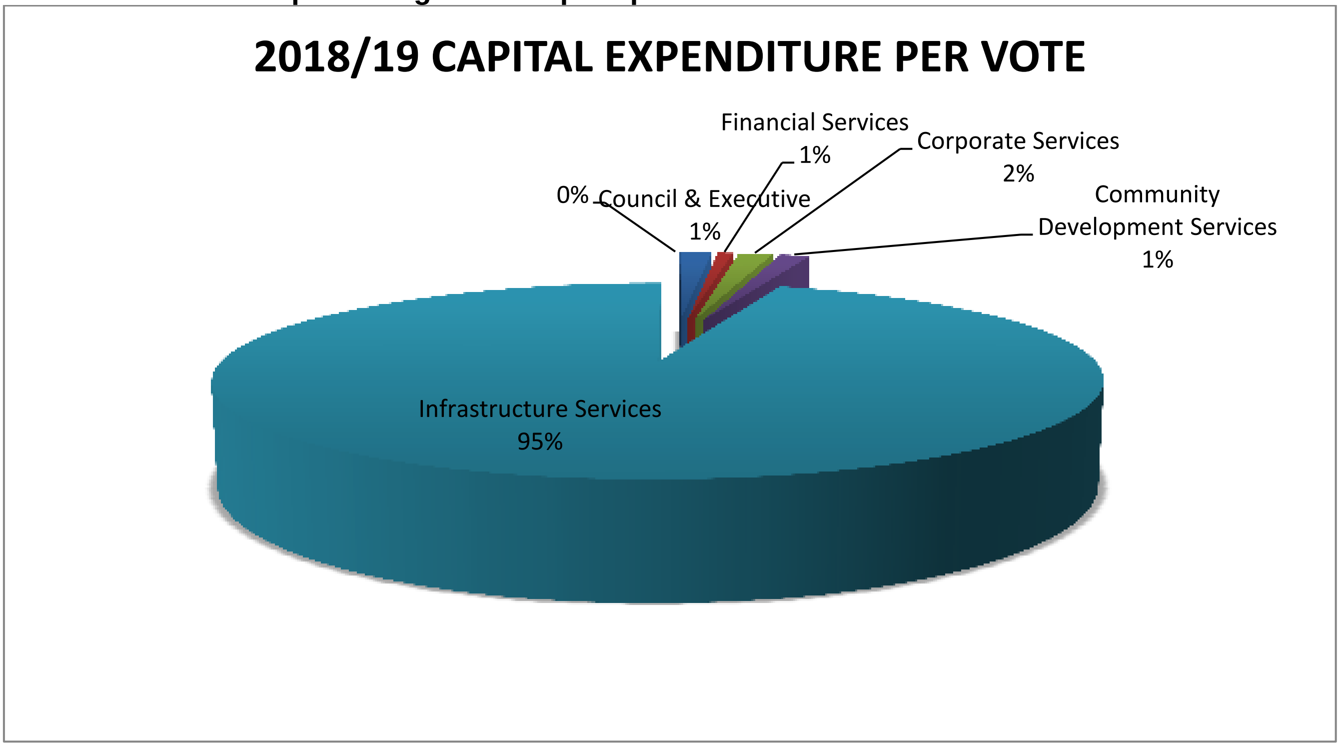
For 2018/19 an amount of R44.9m has been appropriated for the development of infrastructure which represents 75 percent of the total capital budget of R59.8m. In the outer years this amount totals R38.5m, 96 percent and R31.5m, 76.3 percent respectively for each of the outer financial years. Water Supply infrastructure the highest allocation of R19.5m in 2018/19 followed by Road infrastructure R19.2m and then electricity R5.6m. All infrastructure expenditure will be funded though capital transfers from government.

1.6.2 Capital Projects for 2018/19

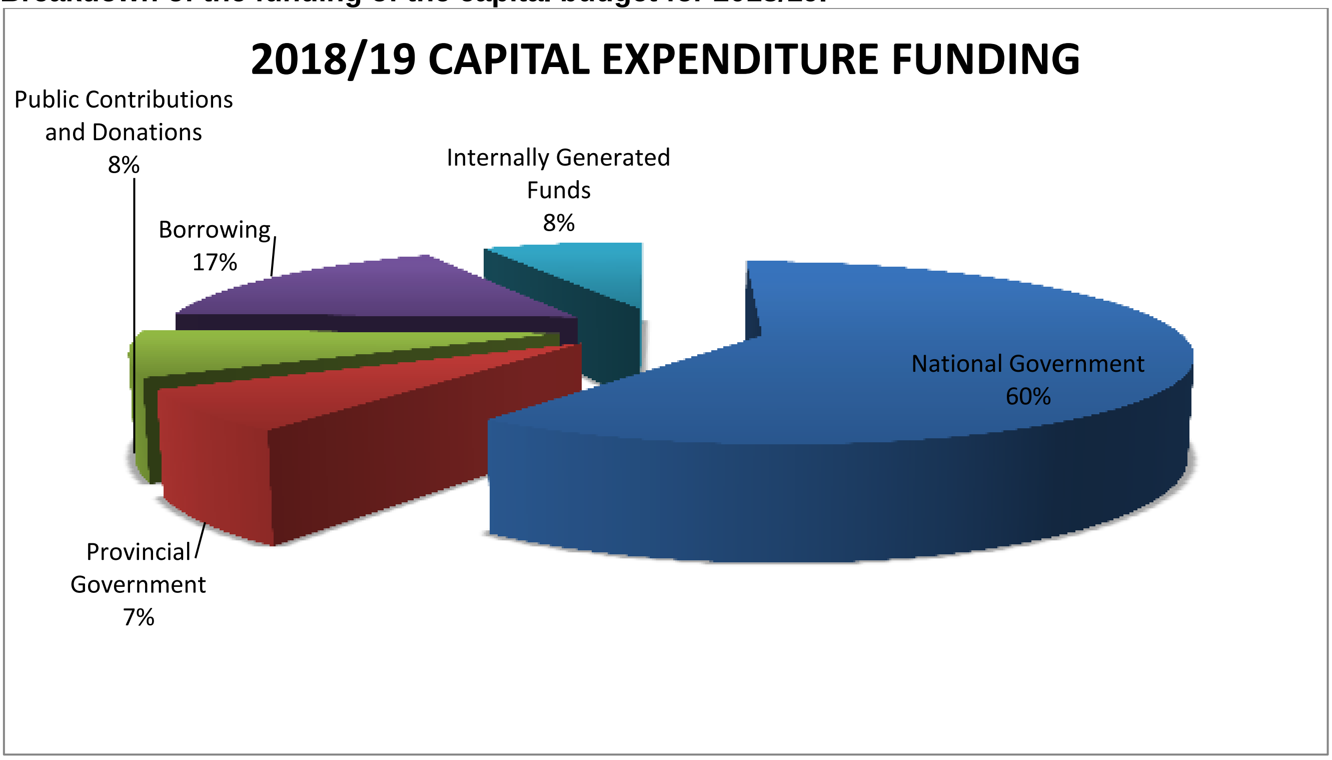
Project Description	Ward	R
Bitterfontein: Refurbishment of Water Scheme	8	10 000 000
Lutzville: Upgrade Gravel Roads Pave	1	6 000 000
Vanrhynsdorp: Upgrade Gravel Road in Hopland, Maskamsig	7	5 415 050
Construction of Boreholes Ebenhaeser	1	5 000 000
Upgrade Ebenhaeser Water Treatment Works	2	3 688 708
Kliprand: New roads and storm water	8	3 000 000
Paving of Vredendal Bus Route	3	2 916 299
Upgrading of Bulk Electricity Vredendal	3	2 500 000
Nuwerus: Upgrade Gravel Roads Ph 1	8	1 840 704

An amount of R10m will be appropriated to replace service delivery trucks and machines which will be funded through borrowings. Further detail relating to asset classes and proposed capital expenditure is contained in Annexure A. Table A9 of Annexure A (Asset Management). In addition SA34a, SA34b, SA34c and SA34e in Annexure A provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Breakdown of the capital budget to be spent per vote for 2018/19.



Breakdown of the funding of the capital budget for 2018/19.



1.7 Annual Budget Tables

The following budget tables can be found in Annexure A (Part 1, Section4)

a) Table A1 - Budget Summary
b) TableA2 -Budgeted Financial Performance (revenue and expenditure by standard classification
c) Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
d) Table A4 - Budgeted Financial Performance (revenue and expenditure)
e) Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding
f) Table A6 - Budgeted Financial Position
g) Table A7 - Budgeted Cash Flows
h) Table A8 - Cash backed reserves/accumulated surplus reconciliation
i) Table A9 - Asset Management
j) Table A10 - Basic service delivery measurement
k) Supporting Tables SA1 –SA37

2. SUPPORTING DOCUMENTATION

2.1 Overview of annual budget process

Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

Schedule of Key Deadlines in respect of the budget process [MFMA section 21(1)(b)]

The Act provides that the formal budget process must commence with the tabling by the Mayor in Council by way of a schedule setting out the key budget deadlines. This was compiled and approved by Council at the end of August 2017.

Process followed to integrate the revision of the IDP and drafting of the budget

The budgeting process is integrated with the IDP and the outcome of the consultation upon the IDP compilation is taken into consideration in the budgeting process.

Process for tabling of the budget before Council for consultation

A statutory period of consultation preceded the tabling of the draft budget before Council on 27 March 2018. Meetings with the local community were advertised in the local press to inform consultation processes.

The Executive Mayor shall consider the outcomes of these consultation meetings and a report in which the reactions are set out shall be tabled at the same meeting where the budget is to be tabled for final approval.

Process for approval of the budget

The budget must be finally approved by Council by 31 May 2018.

Process and media used to provide information on the budget to the community

All budget documentation, the MTREF, as well as tariffs and policies, shall be available at Council libraries and offices for perusal. It shall also be available on Council's website.

Advertisements informing the public about the availability of these documents and the schedules for the public hearings on the IDP and the Budget shall be published in all local news papers and be put up at municipal offices and libraries.

Budget process 2018/2019

The budget process in Matzikama complies with the requirements of the MFMA. A schedule of key deadlines was compiled for tabling before Council by the Mayor before the end of August 2017.

The proposed budget must be tabled before Council by the end of March 2018. This is followed by a period of consultation. After the consultation process, the Mayor needs to consider any representations and decide whether any amendments need to be made to the budget as envisaged by section 23 of the MFMA. The final budget must be agreed upon by Council before the end of May 2018.

The Municipality's budget was once again drafted on a 3-year basis. It takes the National and Provincial 3-year allocations to the Municipality into account. It is therefore necessary to plan and budget on a 3-year basis in order to take account of resource restrictions as well as capacity restrictions in respect of service delivery. The MFMA requires that municipalities draft 3-year budgets to ensure more thorough financial planning and to make provision for seamless service delivery. As was the case last year, however, both capital and operating revenue and expenditure figures in the outer years in the current uncertain economic climate are indicators of service needs and not actual figures.

The municipality shall set out measurable performance objectives to link the financial inputs of the budget with service delivery on the ground. This shall be done in the form of quarterly service targets and monthly financial targets contained in the Service Delivery and Budget Implementation Plan (SDBIP). This must be agreed upon by the Mayor within 28 days after agreement on the final budget and forms the basis for the Municipality's monitoring and management tool during the next year.

2.2 Overview of alignment of annual budget with IDP
(See supporting table SA4 – 6)

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas include the provision of electricity, water, sanitation, waste removal, housing, roads, municipal planning services and maintaining the infrastructure of the Municipality. It also encompasses economic growth and development that leads to sustainable job creation by:

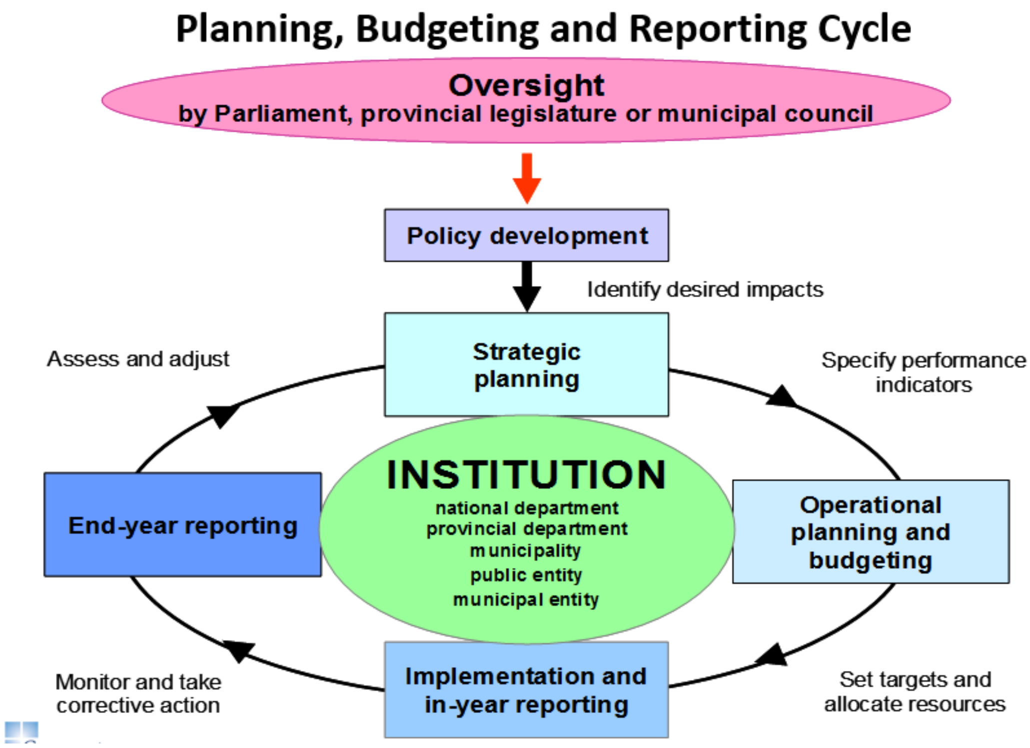
- Developing and implementing a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

2.3 Measurable performance objectives and indicators
(See supporting table SA7)

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality monitors, assesses and reviews organisational performance which in turn is directly linked to individual performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly at each quarter, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Figure 3: Planning, budgeting and reporting cycle

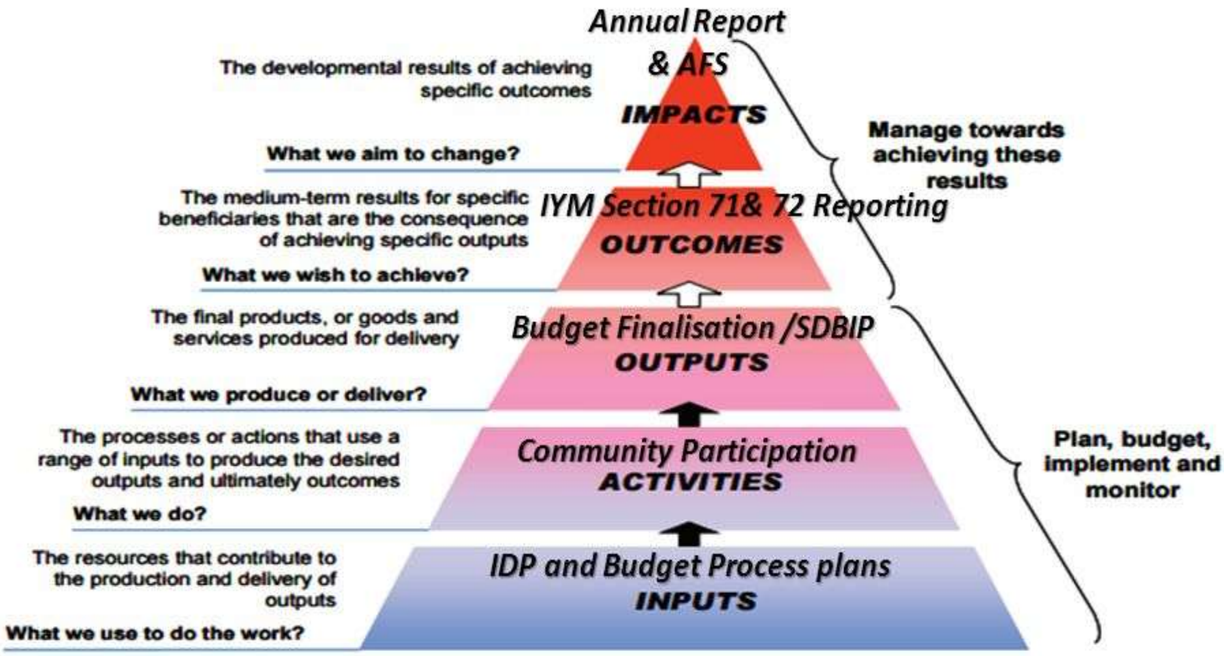


The integrated performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations and includes the following:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 4 Definition of performance information concepts



2.4 Overview of budget-related policies

The below-mentioned policies are included in this budget documentation

- Credit Control and Debt Collection Policy
- Municipal Property Rates Policy
- Funding and Reserve Policy
- Supply Chain Management Policy
- Asset Management Policy
- Cash management and Investment Policy including Borrowing Policy
- Indigent Policy
- Tariff Policy – including electricity, water, sanitation and refuse removal/Solid waste
- Long Term Financial Planning Policy included in the Cash Management and Investment Policy
- Travel and Subsistence Policy
- Virement Policy
- Budget Implementation and Monitoring Policy

2.5 Overview of budget assumptions

Budget assumptions

Budgets are drafted in uncertain conditions. In order to develop credible and responsive budgets, assumptions must be made about internal and external factors that may affect the budget. This Section offers a detailed summary of the assumptions used in drafting the budget.

External Factors

There is no real growth in the municipal area, and the only growth in the number of households relate to the building of RDP housing and the servicing of erven for those on the housing backlog waiting list which does not add to the revenue or tax base. Job opportunities are limited as a result of limited or no growth, and the National budget has identified job creation as a priority and suggested that municipal capital and maintenance projects should assist in this by implementing labour-intensive projects within municipality's financial resource envelope.

Funding compliance

The budget will be fully cash-backed based on the premise of the current debtors' collection rate and that same does not deteriorate and in this regard the worst case scenario was used in the preparation of the budget. The budget is considered credible as various revenue enhancing strategies were investigated and the municipality embarked on a process to source experts to attend to revenue losses in the 2017/2018 financial year which will continue into the new financial year.

2.6 Overview of budget funding

Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, **but only for the capital budget**.
- Compliance with this requirement effectively requires that Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

A Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous audited performance outcomes and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfil their financial managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic. Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

Selling of assets
The Municipality is evaluating its land and asset ownership as part of its longer term financial strategy. The sale of land is therefore continuously being investigated in order to improve the cash position of the municipality. Whilst the selling of property can never be a sustainable way of funding a municipality, cognisance must be taken of the tax base of this municipality and the multiplier effect of low cost housing requirements.

Taking up Loans
The MFMA stipulates the conditions within which municipalities may incur short or long term debt. The Act stipulates that short term debt may be used to meet immediate cash flow needs, but that it must be fully repaid within the financial year in which it was incurred. Long term debt can only be incurred for capital expenditure or refinancing of existing long term debt. It is however the intention of this council not to take-up further loans in the next year due to the capacity of the municipality to service further capital debt and the sustainability of servicing same.

2.7 Expenditure on grant allocations and grant programmes

See Supporting table SA18 for expenditure on grant allocations and grant programmes.

2.8 Grants and allocations made by the Municipality

Any allocations made to an external body must comply with the requirements of Section 67 of the MFMA. This provides that before any funds may be transferred to an external organisation, the Municipal Manager as accounting officer must be satisfied that the organisation or body has the capacity to fulfil the agreement and has sufficient financial management and other systems in place.
National Treasury further indicated in MFMA circular 51 that no discretionary funds may be appropriated in the budget seeing as such funds are not transparent during the consultation process.

2.9 Councillor allowances and employee benefits

Refer to Supporting Table SA22 and SA23 for Councillor Allowances and employee benefits.

2.10 Monthly targets for revenue, expenditure and cash flow

Refer to Supporting Table SA25-SA30 for monthly targets for revenue, expenditure and cash flow.

2.11 Service Delivery and Budget Implementation plan

To be submitted as per the requirements of the MFMA Section 69(3) 'The accounting officer must no later than 14 days after the annual budget is submitted to the Mayor submit the service delivery and budget implementation plan for the year.' The administration has in this regard gone the extra mile to table a top layer SDBIP with the budget.

2.12 Contracts having future budgetary implications

Refer to Supporting Table SA33 for contracts having future budgetary implications.

2.13 Capital expenditure details

Refer to Supporting Table SA36 for the detailed capital budget.

2.14 Legislative compliance status

Municipal Financial Management Act –No 56 of 2003
The MFMA took effect on 1 July 2004. The act modernises budget and financial management practices within the overall aim of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finances, including budget, supply chain management and financial reporting. The various sections of the Act are being phased in according to the designated financial management capacity of municipalities. Matzikama municipality has been designated as a medium-capacity municipality. The MFMA forms the basis of the municipal management reforms implemented by municipalities. Matzikama Municipality subscribes effectively to the provisions embodied in the MFMA.

The MFMA and the budget
The following explains the budget process in terms of the requirements of the MFMA. It is based on National Treasury's manual on the MFMA.

<u>The budget drafting process</u>
The Mayor must direct the budget drafting process by means of a co-ordinated cycle of events commencing at least ten months before the start of each financial year.

<u>Overview</u>
The MFMA requires a Council to adopt a three-year capital and operating budget taking into account and aligning with the municipality's current and future development priorities and other finance-related policy (for example relating to the provision of free basic services).

These budgets must clearly set out the revenue per source and expenditure per vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any details on loans, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may only be funded from reasonable estimates of revenue and cash-backed surplus funds of the previous year and loans (the latter for capital items only).

<u>Budget drafting time schedule</u>
The first step in the budget drafting process is to develop a time schedule of all key deadlines relating to the budget and to revise the Municipality's IDP and budget-related policy.

The budget drafting time schedule is compiled by senior management and tabled by the mayor for adoption by Council by 31 August (ten months before the start of the next budget year).

<u>Drafting of the budget and revision of the IDP and policy</u>
The Mayor must co-ordinate the budget drafting process and the revision of Council's IDP and budget-related policy with the assistance of the municipal manager. The Mayor must ensure that the IDP overview constitutes an integral part of the budgeting process and that any changes to strategic priorities as contained in the IDP document are based on realistic projections of revenue and expenditure.

In developing the budget, management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other applicable agreements or Acts of Parliament.

The Mayor must consult the relevant District Council and all other local municipalities in that district as well as the applicable provincial treasury and the national treasury in drafting the budget, and must upon request provide certain information to National Treasury and other government departments.

The drafting process should ideally take place between August and November in order that consolidated three-year budget proposals, IDP amendments and policy could be made available during December and January. This allows time in January, February and March for preliminary consultation and discussion of the draft budget.

Tabling of the draft budget
By 31 March, the mayor must submit the draft budget to Council for public release.

Publication of the draft budget
After submission to Council, the Municipal Manager must disclose the relevant budget documentation and submit it to the National Treasury and the relevant provincial treasury and any other state department as required. At this stage, the local community must be invited to make representations on the contents of the budget.

Opportunity to comment on draft budget
After submission of the draft budget, Council must consider the opinions of the local community, National Treasury and the relevant provincial treasury and other municipalities and state departments who submitted representations on the budget.

Opportunity for revision of draft budget
After considering all opinions and representations, Council must allow the Mayor the opportunity to react to the representations received and, if necessary, to revise the budget and submit amendments for Council's consideration.

After tabling of the draft budget at the end of March, the months of April and May must be used to accommodate public and government comments and make any revisions that may be necessary. This could assume the form of public hearings, Council debates, formal or informal delegations to National Treasury, provincial treasury and other municipalities, or any other consulting forums designed to address the priorities of interested parties.

Adoption of the annual budget
Thereafter, Council must consider the approval and adoption of the budget by 31 May. This offers Council a 30-day window period to review the budget several times before final approval. Should a Council fail to approve its budget during the first meeting, the budget, or an amended copy thereof, must be reconsidered within seven days and so on until it is eventually approved - before 1 July. As soon as the budget is approved, the Municipal Manager must place the budget on the municipality's website within five days.

Budget Implementation

Implementation management – the Service Delivery and Budget Implementation Plan (SDBIP)
The Municipal Manager must submit the SDBIP and annual performance agreements for all pertinent senior personnel to the Mayor for approval within fourteen days after approval of the budget (no later than 14 July).

A SDBIP is a detailed plan for implementation of the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators. The Mayor must approve the SDBIP within 28 days after approval of the annual budget (no later than 28 June). This plan must then be monitored by the Mayor and it must be regularly reported on to Council.

Managing the implementation process
The municipal manager is responsible for implementing the budget and must take steps to ensure that all expenditure occurs according to the budget and that revenue and expenditure is properly monitored.

Deviation from budget estimates
In general, Council may only incur expenditure if it is in accordance with the budget, within the limits of the amounts appropriated for each budget vote – and in the case of capital expenditure, only if Council has approved the project.

Expenditure incurred outside these parameters may be regarded as unauthorised, or in some cases irregular and fruitless or wasteful. Unauthorised expenditure must be reported and could result in criminal prosecution.

Review of budget estimates – the adjustments budget
It may on occasion be necessary for Council to consider a revision of its original budget due to material and considerable changes in revenue collections, expenditure patterns, or forecasts thereof for the remaining part of the financial year. In such cases, a municipality may adopt an adjustments budget drafted by the municipal manager, submitted to the Mayor for consideration and tabled before Council for adoption.

The adjustments budget must contain certain prescribed information, it may not result in further increases in rates and tariffs and it must contain relevant justifications and supporting material when it is approved by Council.

Requirements of the MFMA in respect of the contents of annual budgets and supporting documentation
Section 17 of the MFMA stipulates that an annual budget must be in the prescribed format and sets out what is to be included in that format. In MFMA circular 48, National Treasury offers detailed guidance on the contents of budget documentation and the supporting schedules. Matzikama Municipality has done its utmost to comply with the circular.

The table below shows how Matzikama Municipality complies with the disclosure requirements of Section 17 of the MFMA.

Requirement	**Reference**
Schedule of reasonably expected revenue for the budget year from each source of revenue	1.7
Schedule indicating expenditure appropriations for the budget year under the various votes of the Municipality	1.7
Schedule setting out the indicative revenue per revenue source and projected expenditure per vote for the two financial years following on the Budget year	1.7
Resolutions - (i) approval of the budget of the Municipality (ii) instituting any municipal rates and fixing any municipal tariffs as may be required for the budget year and (iii) Approval of any other matters that may be prescribed.	1.2
Measurable performance objectives for revenue for each source and for each budget vote, taking account of the Municipality's Integrated Development Plan.	2.3
Proposed amendment to the Municipality's integrated development plan after the annual review of the IDP in terms of Section 34 of the Municipal Systems Act	N.A.
Any prescribed information on municipal entities under the exclusive or shared control of the Municipality	N.A.

Details of all prescribed new municipal entities that the Municipality wishes to establish or which the Municipality wishes to participate in	N.A.
Details of any proposed service delivery agreements, including material amendments to existing service delivery agreements	N.A
Details of any proposed grants or allocations by the municipality to - (i) other municipalities (ii) any municipal entities and other external mechanisms that assist the municipality in performing its functions or powers (iii) any other state organs (iv) any organisations or bodies referred to in Section 67 (1) (bodies outside die Government)	2.8
The proposed cost to the municipality for the budget year of the salaries, allowances and benefits of - (i) each political office-bearer of the Municipality (ii) councillors of the municipality (iii) the municipal manager, the chief financial officer, any senior manager of the municipality and any other official of the municipality with a remuneration package greater or equal to that of a senior manager	Section 13
The proposed cost in the budget year for a municipal entity under the exclusive or shared control of the Municipality for the salaries, allowances and benefits of - (i) each member of the entity's board and (ii) the chief executive officer and each senior manager of the entity	2.9

Other Applicable Legislation

In addition to the MFMA, the following legislation also impacts on the Municipal budget.

<u>The Division of Revenue Act, 2017 and Provincial Budget announcements</u>

Three-year national allocation to local government is published annually according to municipality in the Distribution of Revenue Act. The Act imposes duties on municipalities additional to the requirements of the MFMA, specifically regarding reporting obligations. Allocations to the Municipality from Provincial Government are announced in the Provincial budget and published.

Section 18 of the MFMA provides that annual budgets may only be funded from reasonably expected revenue to be collected. The provision in the budget for allocation of National and Provincial government must include the allocations announced in the DORA or the applicable Provincial Gazette.

<u>The Municipal Systems Act-32 of 2000 and Municipal Systems Amendment Act 44 of 2003</u>

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act are closely linked with that of the MFMA. In particular, the following requirements must be considered in the budget process;

Chapters 4 and 5 relate to community participation and the requirements for the Integrated Development Plan process. Performance management that links with the requirement for the budget to contain measurable performance indicators and quarterly performance targets in the Service Delivery and Budget Implementation Plan. Chapter 8 relates to the requirements of producing a tariff policy.

2.15 Quality Certification by Municipal Manager

I, Daniel Petrus Lubbe, Municipal Manager of Matzikama Municipality, hereby declares that the annual budget and supporting documentation have been drafted in accordance with the Municipal Financial Management Act and the regulations issued under this act, and that the annual budget and supporting documentation are aligned with the Integrated Development Plan of the Municipality.

DP Lubbe
Municipal Manager

p.p. G.Seos
Signature

24/05/2018
Date